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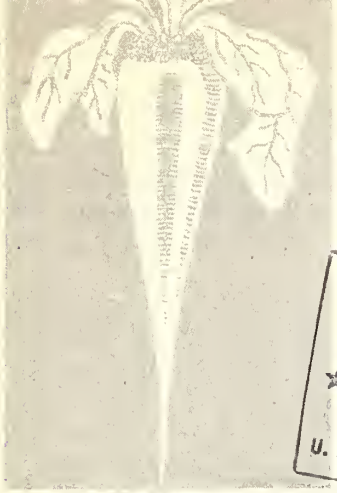
MARKETING RESEARCH REPORT NO. 311



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MARKETING MARGINS FOR sugar

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
MARKETING RESEARCH DIVISION

PREFACE

This report provides a brief description of the marketing of raw and refined cane sugar and beet sugar, of sugar marketing practices, of the price spread between farmers and household consumers, and of changes that have occurred in the cost of performing various marketing operations in recent years. It is part of a broad program of research to improve the marketing of farm products.

The marketing of sugar used by industrial users is not discussed in this report. Sugar sold to food manufacturers for processing into other foods is marketed in a somewhat different way than sugar going to households in the form of refined sugar. This report is based on wholesale and retail prices of sugar sold to household consumers.

The farmer's share of the consumer dollar spent is shown in detail for the 1950-57 period. The U. S. average farm-to-retail spread and the farmer's share of the consumer dollar for beet sugar are carried as a part of the AMS Market Basket Statistics, published quarterly in the Marketing and Transportation Situation.

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Larkin, Lawrence Clark, 1916–

Marketing margins for sugar [by L. C. Larkin and Alma W. Updike. Washington] U. S. Dept. of Agriculture, Agricultural Marketing Service, Marketing Research Division [1959]

16 p. illus., maps. 27 cm. ([U. S. Dept. of Agriculture] Marketing research report no. 311)

1. Sugar trade—U. S. [1. Sugar—Prices] 2. [Price spreads] I. Updike, Alma Mae (Woods) 1921– joint author. II. Title. (Series)

HD1751.A9183 no. 311 338.476641 Agr 59-87

U. S. Dept. of Agr. Libr. 1Ag84Mr no. 311
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Washington, D. C. March 1959

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HIGHLIGHTS

The retail price of sugar during 1958 averaged 11.3 cents per pound, up 0.3 cent over 1957. The beet farmer received 4 cents per pound for the sugar made from his beets, the same as in 1957. The farmer's share of the consumer dollar spent for sugar in 1958 was 36 cents, the same as in 1957. For the last quarter of 1958, the farmer's share of the consumer's sugar dollar was 35 cents.

Most marketing costs have increased since 1950. Rail transportation rates increased approximately 32 percent from 1950 to 1957, average hourly earnings of employees in the sugar industry increased 40 percent, and costs of packaging materials, plant and equipment, fuel, and power also increased by various percentages. Most of the analysis in this report covers developments in marketing costs through 1957, the latest year for which adequate data are now available. It appears that the major trends of this period have continued into 1958. Consumers paid about 13 percent more for a pound of sugar in 1957 and 1958 than they did in 1950, largely because of increases in marketing costs.

Net profits of sugar cane refiners, after income tax payments, expressed as a percentage of net worth, decreased 2 percentage points from 1950 to 1957, and the net profit of sugar beet processors decreased 0.7 of a percentage point.

Sugar beet farmers received 1 percent less of the consumer's dollar in 1957 than they did in 1950. There was considerable variation in the marketing margins on sugar from different areas and between cities studied. Marketing charges in 1957 ranged from 6.9 cents per pound for mainland cane sugar marketed in Chicago to 7.3 cents per pound for Puerto Rican sugar marketed in the same city. Some of this difference is due to variations in the amount of transportation, handling, and selling costs. As a result, farmers' returns ranged from 4.1 cents per pound for mainland cane sugar to 3.7 cents per pound for Puerto Rican cane sugar. Returns ranged from 4.6 to 3.6 cents per pound in 1950.

Cane sugar refined in New Orleans had a smaller refining margin than cane sugar refined in New York in 1957. The processing margin on beet sugar processed in the central beet production area of the United States in 1957 and marketed in Chicago was lower than the processing margin on beet sugar produced from West Coast sugar beets and marketed in Los Angeles.

The "Marketing Margin"

The "marketing margin" for sugar, as used in this report, is the spread between the price paid by household consumers for a pound of sugar and the payment the farmer receives for an equivalent quantity of sugar cane or sugar beets. The payment received by the farmer is called the "farm value" of the sugar. In addition, the farmer may receive some payments for byproducts and, in the United States and its territories, some Government payments under the Sugar Act.

MARKETING MARGINS FOR SUGAR

By L. C. Larkin and Alma W. Updike 1/
agricultural economists, Marketing Research Division
Agricultural Marketing Service

In 1958 the average American consumed about 97.4 pounds of refined sugar. This was 0.3 percent pound more than the 1957 average per person. In 1957, cane sugar refiners, beet sugar processors, and importers of direct-consumption sugar (sugar for use without further refining) delivered to users the equivalent of 49 million 100-pound bags of refined sugar in consumer-size packages (less than 50 pounds per package).

The United States sugar supply comes from domestic 2/ and foreign production; in 1957, domestic sugar producers supplied 53 percent and foreign sources 47 percent of our sugar (figs. 1 and 2). United States sugar beet processors supplied 22 percent; domestic cane producers, 32 percent; Cuba, 34 percent; the Philippines, 11 percent; and other foreign sources, 1 percent of our total sugar. In 1957, beet sugar accounted for 78 percent of the sugar produced in the continental United States (excluding offshore production).

MARKETING PRACTICES

Most sugar cane goes through two stages of processing to produce the refined sugar used in the household. The first stage--crushing of the cane and extracting and boiling of the cane juice--is done in raw sugar mills located in the sugar cane producing areas. These mills produce raw sugar and various byproducts such as molasses and bagasse, the crushed sugar cane stalk. Most of the sugar brought into this country from foreign sources is in the form of raw cane sugar. The raw sugar is put through the second stage--the refining process--in refineries located mainly in or near large port cities. Refined sugar from beets is produced in a single plant operation, and the principal byproducts are beet molasses and beet pulp.

1/ Alma W. Updike transferred to the Dairy Division of the Agricultural Marketing Service before the study was completed.

2/ Domestic sugar is produced from sugar cane grown in the mainland cane areas of Louisiana and Florida and the offshore areas of Hawaii, Puerto Rico, and the Virgin Islands and from sugar beets grown in the following areas: Eastern--Illinois, Indiana, Michigan, Ohio, Wisconsin; Central--Colorado, Iowa, Kansas, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Texas, Utah, Wyoming; Far West--Arizona, California, Idaho, Nevada, Oregon, and Washington.

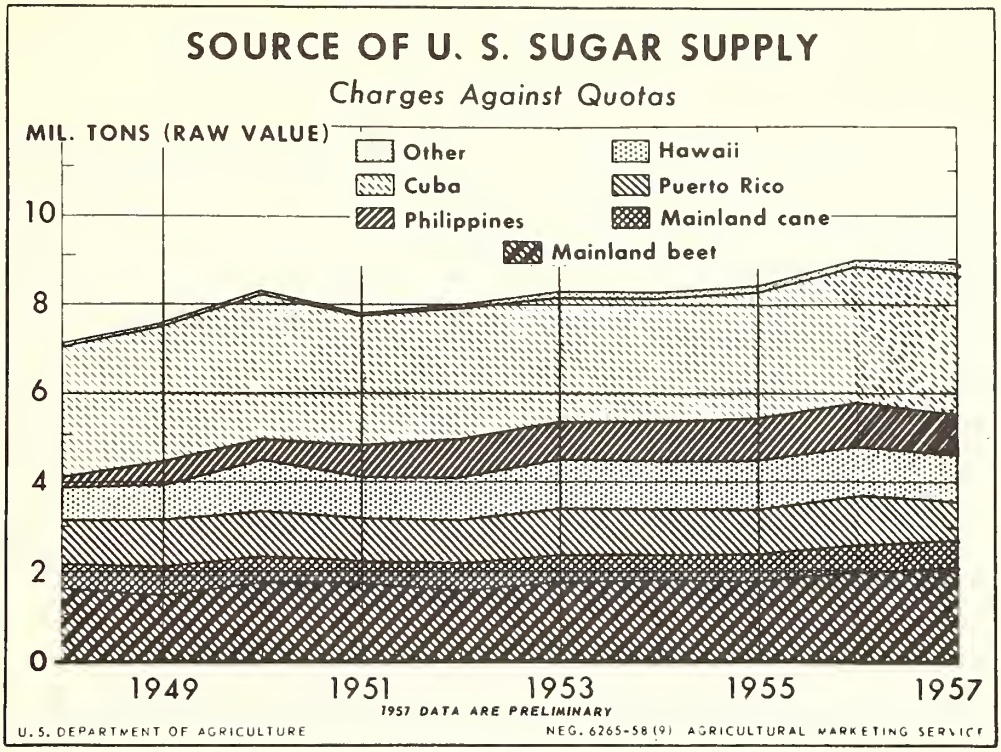

Figure 1

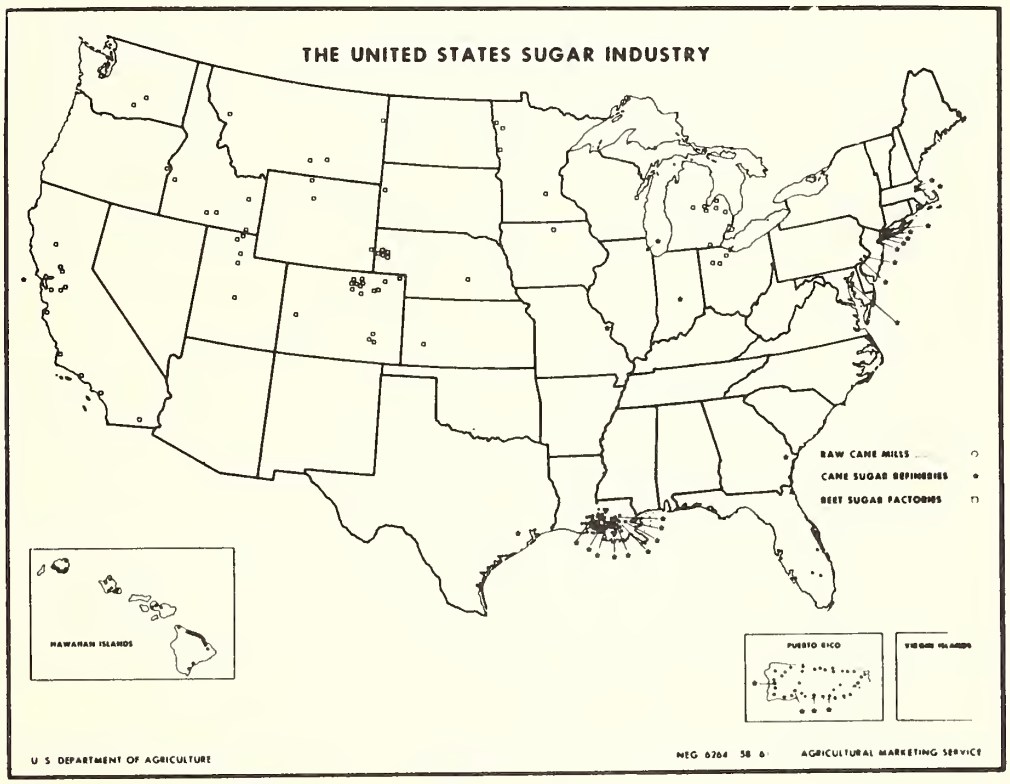

Figure 2

PRICING SUGAR

The raw sugar market is important in a study of pricing because of the close relationship between raw and refined sugar prices. The New York Coffee and Sugar Exchange, in New York City, is an important market for raw cane sugar. Buyers for most of the refiners, operators who buy from raw sugar mills, and raw sugar brokers are located in New York. Spot prices of raw cane sugar are determined by refiners, operators, and brokers under a system of offers and bids. Refiners bid for sugar according to their needs and what they know of supplies and world conditions. Brokers who represent sellers, and operators who buy for their own accounts, offer sugar to refiners on the same basis. In many cases, the price of raw sugar is determined at the time of sale. However, in some cases, prices are not determined until a future date. The method used most frequently to determine prices at a future date employs an "average price." The average price may be based on periods of varying lengths, such as an 8-day average, 3-month average, 8-month average, or 12-month average. Sugar purchased on an average price is usually resold to refiners at a spot price.

Wholesale prices for refined sugar are generally quoted on a basing system. The basing points are the refining cities of Boston, Philadelphia, New York, Baltimore, Sugarland, Tex., and San Francisco (fig. 3). Under this system of pricing, sugar is sold at the quoted "wholesale basis" price of the nearest refinery, plus transportation charges or "freight prepay." 3/ Adjustments for trade discounts and announced or unannounced allowances are sometimes made (fig. 4). The basis price is expressed in terms of 100-pound bags of granulated sugar, with differentials applied to smaller packages. There is no separate pricing system for beet sugar. Historically, beet sugar has sold at 10 to 20 cents per 100 pounds under cane sugar. At times, this differential has been as high as 30 cents, and it may have been higher when unannounced allowances were taken into consideration. Reasons for the differential were not studied.

A cane sugar refiner's or beet processor's "natural market" is the market where he has freight and merchandising advantages. In this area, the refiner or processor sells with a minimum of freight costs. Sugar in excess of the needs of the area must be sold in areas outside this low-freight-cost market, and refiners and processors compete with each other in these other areas. To be able to sell sugar in other areas, refiners and processors sometimes absorb part of the freight charges, and at times they give allowances and discounts. This difference between the full freight rate and the prepay, part of the total rate which is prepaid and added to the basis price, is a refiner's selling cost and is included in the refining margin. The refiner or processor gains "freight-charge earnings" when the prepay is higher than the actual freight rate.

3/ An arbitrary prepaid freight, calculated on the freight rate from refinery to destination and billed by refiner or beet factory to the buyer.

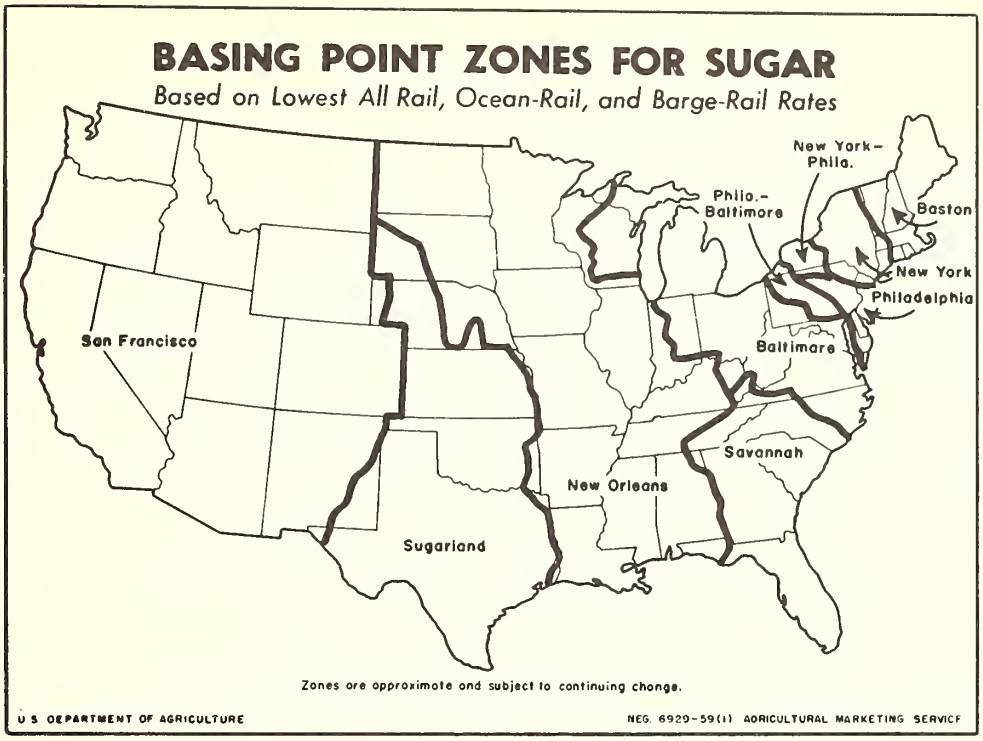

Figure 3

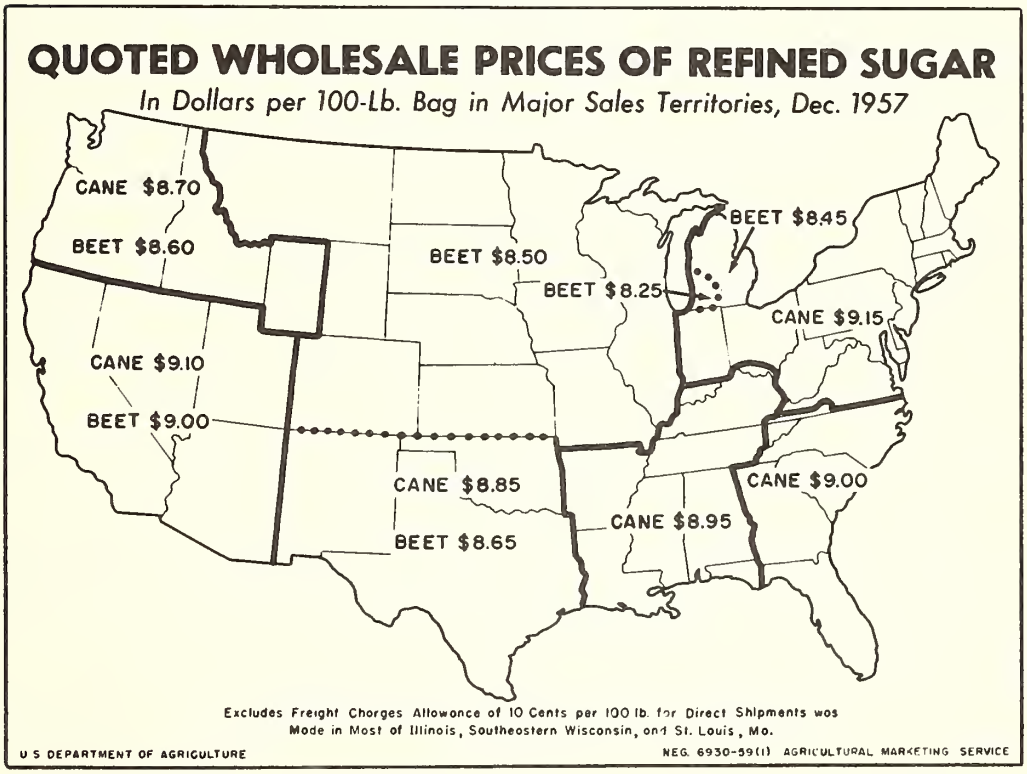
QUOTED WHOLESALE PRICES OF REFINED SUGAR
In Dollars per 100-Lb. Bag in Major Sales Territories, Dec. 1957
CANE $8.70
BEET $8.60
BEET $8.50
BEET $8.25
BEET $8.45
CANE $9.15
CANE $9.10
BEET $9.00
CANE $8.85
BEET $8.65
CANE $8.95
CANE $9.00
Excludes Freight Charges Allowance of 10 Cents per 100 lb. for Direct Shipments was Made in Most of Illinois, Southeastern Wisconsin, and St. Louis, Mo.
U S DEPARTMENT OF AGRICULTURE
NEG. 6930-59(1) AGRICULTURAL MARKETING SERVICE

Figure 4

DISTRIBUTION

Refiners and beet processors usually sell refined sugar through brokers who receive a commission of 7 cents per 100 pounds for their services. Sugar may be sold through brokers who sell only sugar and represent one or more refiners or through general food brokers. However, there are differences in some markets. A New England refiner, for example, uses company employees in New England and brokers elsewhere.

Large chain stores and industrial users usually receive their sugar direct from the refiner or processor. Small chain stores, small industrial users, independent stores, restaurants, and hotels receive their sugar from wholesale grocers. In Chicago, small users are serviced by the sugar dealer--a jobber who performs the functions of the wholesale grocer in this market.

In 1957 about 33 percent of all refined sugar was sold to wholesale grocers, and 31 percent was marketed in packages of less than 50 pounds.

Truck, rail, and water transportation facilities are used in moving refined sugar from the refiner or processor to the consumer. Twenty percent of total rail shipments travel between 200 and 400 miles. Refined sugar in the Northeast or New England area is delivered largely by truck. Most of the refined cane sugar shipped by water to interior markets goes up the Mississippi River to the St. Louis-Chicago area. In 1955, about 56 percent of the sugar from the Gulf area to the "Chicago-West" sales area moved by water, 34 percent by rail, and 10 percent by truck. 4/ Refined sugar moves by rail from the West Coast eastward to markets; from the central sugar beet production area to the "Chicago-West" sales territory; and from Gulf refiners north to the St. Louis and Chicago markets.

Atlantic coast refiners usually ship sugar by truck. The nearness of refiners to large areas of concentrated population makes truck transportation more economical than other forms.

Beet factories and refiners maintain warehouse stocks of sugar at various points to store sugar and facilitate delivery.

MARGINS AND COSTS

The difference between the amount a sugar beet farmer receives for a pound of beet sugar produced from his beets and the price consumers pay at retail for a pound of beet sugar is the marketing margin.

4/ SR #64, U. S. Dept. Agr., CSS Sugar Division, Aug. 1957. The "Chicago-West" area is, roughly, an area extending from Chicago west to the Rocky Mountains and south to Oklahoma.

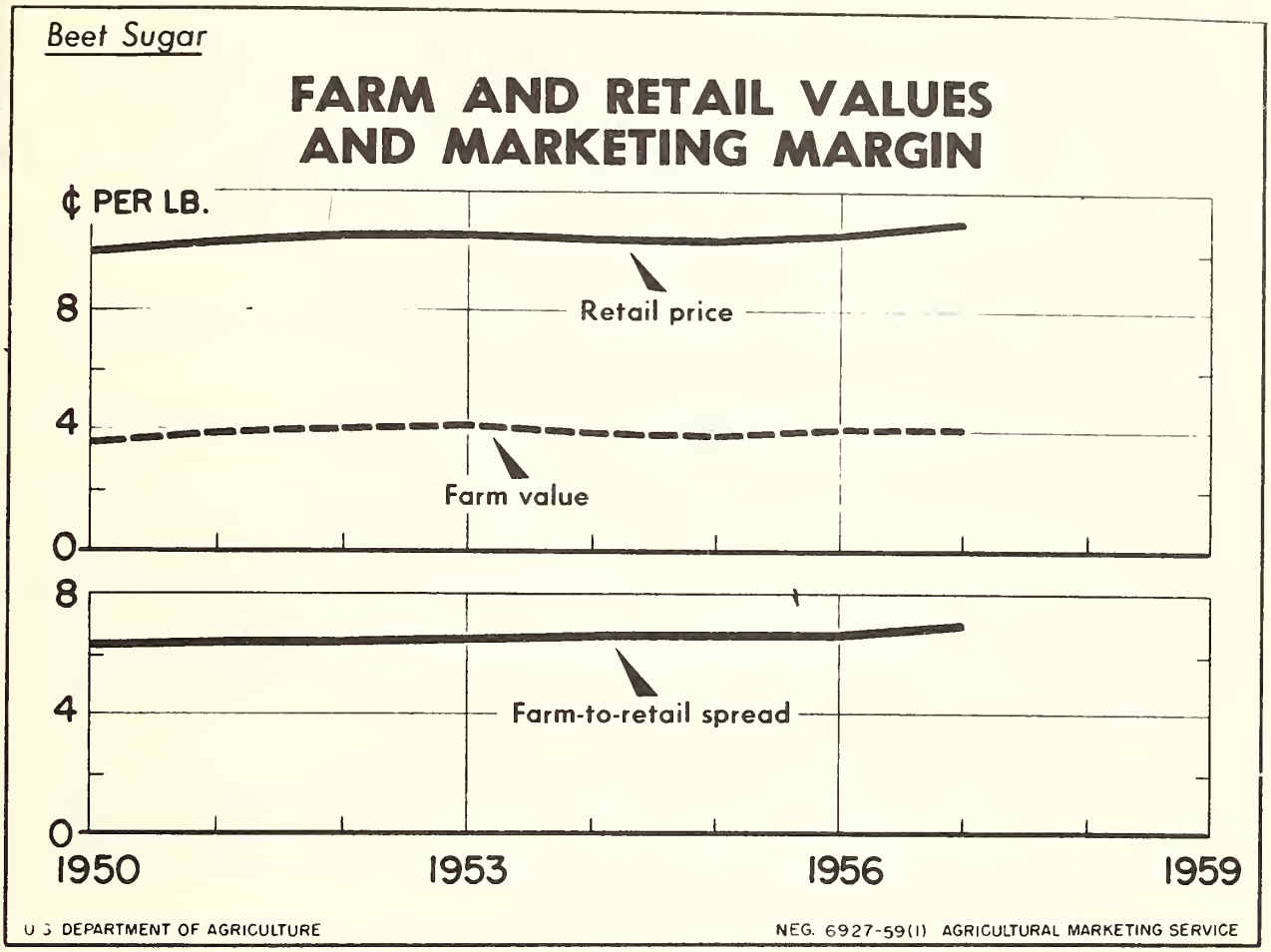

Figure 5

In 1950 the beet sugar marketing margin 5/ was 6.3 cents per pound; the margin in 1957 6/ was 7.0 cents per pound (fig. 5). This difference of 0.7 cent per pound is an increase of 12 percent.

During this same period, the retail price of sugar increased 13 percent, from 9.7 cents per pound in 1950 to 11.0 cents per pound in 1957, while the price of a typical market basket of farm-produced foods increased 9 percent.

5/ Unadjusted for Government payments and taxes but adjusted for by-products.

6/ All 1957 data are preliminary estimates.

Most of the major cost items in the margin increased from 1950 to 1957. Average hourly earnings of employees in the sugar industry increased 40 percent from 1950 to 1957. This does not mean that the labor cost increased by this amount, as part of this increase in labor rates has been offset by increased productivity of labor.

Rail freight rates 7/ for sugar increased sharply between 1950 and 1957. At the end of August 1957, the rail transportation rate for sugar from New Orleans to Chicago had increased by 34 percent (0.2 cent per pound) above the June 1950 rate; from Denver, Colo., to Chicago by 33 percent (0.2 cent per pound); and from San Francisco to Chicago by 23 percent (0.2 cent per pound) (table 1). In recent years, refiners and processors have increased the use of barges and motor trucks to offset increased rail freight rates.

Costs of packaging materials, plant and equipment, fuel, and power also have increased.

The margin also includes a Federal excise tax of 0.5 cent per pound which remained the same during the period under study.

Net profits after income taxes of 3 of the important sugar cane refiners, expressed as a percentage of net worth, dropped from 9 percent in 1950 to 7 percent in 1957, while net profits of 6 sugar beet processors dropped from 8.3 percent in 1950 to 7.6 percent in 1957 (table 2). During the same period, net income after income taxes, expressed as a percentage of dollar sales, decreased 0.4 of a percentage point for sugar cane refiners and 1.3 percentage points for sugar beet processors. 8/

Retail store margins for sugar were higher in 1957 than in any of the preceding years, according to trade reports (table 3). The retail price of sugar increased 7 percent during this period. Increases in marketing costs absorbed a large proportion of the increased retail price.

MARGINS IN THREE CITIES

Marketing margins and services performed in marketing sugar may be illustrated by tracing sugar from different sources to consumers in the same city. Sugar from the mainland cane sugar area, mainland beet sugar area, and Puerto Rican cane sugar area are all marketed in Chicago. Chicago, therefore, offers an opportunity to compare marketing margins and returns to sugar producers in the various areas. However, the figures may not be representative of average costs and returns in the United States, because of the competition of sugar from several sources. Examples of margins on sugar marketed in New York and Los Angeles show some of the variations between cities.

7/ Includes 3 percent Federal transportation tax.

8/ From reports filed with Securities and Exchange Commission and "Moody's Manual of Investments--Industrials."

Table 1.--Rail transportation rates 1/ between selected cities for refined sugar, 100-pound bags, 1950 and 1957

Origin	Date	Destination		
		Chicago, Ill.	Kansas City, Mo.	Seattle, Wash.
		Dollars	Dollars	Dollars
New York, N. Y.	1950	0.71	---	---
	1957	.94	---	---
Bay City, Mich.	1950	.49	---	---
	1957	.67	---	---
Denver, Colo.	1950	.70	0.67	---
	1957	.93	.90	---
Los Angeles, Calif.	1950	.99	---	1.04
	1957	1.22	---	1.32
San Francisco, Calif.	1950	.99	---	.66
	1957	1.22	---	.91
New Orleans, La.	1950	.68	---	---
	1957	.91	---	---

1/ The rates include the 3-percent Federal transportation tax.

Table 2.--Net profit (after income taxes) as a percentage of net worth and of gross sales, for selected companies refining sugar in the United States, 1950-57

Year	Beet sugar			Refined cane sugar		
	Companies	Net profit as % of net worth	Net profit as % of gross sales	Companies	Net profit as % of net worth	Net profit as % of gross sales
	Number	Percent	Percent	Number	Percent	Percent
1950	9	8.3	6.2	3	9.2	2.8
1951	9	9.1	5.9	3	6.8	2.2
1952	8	7.3	5.2	3	6.7	2.2
1953	6	6.9	5.0	3	5.8	1.8
1854	6	7.1	4.8	3	6.8	2.2
1955	6	7.1	4.8	3	6.9	2.2
1956	6	6.5	4.4	3	8.0	2.5
1957	6	7.6	4.9	3	7.4	2.4

Source: Computed from reports filed with the Securities and Exchange Commission and reports published in "Moody's Manual of Investments--Industrials."

Table 3.--Retail margins on sugar 1/

Year	Percent	Year	Percent
1952	5.0 - 8.0	1955	6.2
1953	5.0 - 8.0	1956	6.2
1954	6.2	1957	8.0

1/ The margins shown here are averages of operating margins in several hundred supermarkets. They represent the spread between cost of merchandise delivered to the store and the retail value of the merchandise.

Source: Progressive Grocer

In 1957, total marketing margins for sugar sold in the cities studied ranged from 6.9 cents per pound on mainland cane sugar marketed in Chicago to 7.3 cents per pound on Puerto Rican sugar sold in the same city (table 4). Marketing margins for beet sugar in the United States averaged 7.0 cents per pound in 1957 (fig. 5).

Marketing charges in 1957 for Puerto Rican cane sugar marketed in New York were 6.9 cents per pound.

Marketing charges in 1957 for Pacific Coast beet sugar marketed in Los Angeles were 6.9 cents per pound.

Part of the difference in the total marketing charges between Puerto Rican cane sugar and beet sugar marketed in Chicago may be explained by lower marketing costs, mainly for transportation, which give the sugar beet farmer a larger return for his sugar than the Puerto Rican cane grower receives. Marketing charges on Puerto Rican sugar marketed in New York were less than on Puerto Rican sugar sold in Chicago. This difference may be attributed partially to a lower distributing margin in New York. The refining margin in New York is higher than the refining margin on Puerto Rican sugar refined in New Orleans and sold in Chicago. Part of the difference between the lower marketing charges on beet sugar marketed in Los Angeles and on that sold in Chicago may be attributed to lower distributing charges in Los Angeles.

Total margins would have been less if Government payments had been added to farmers' returns before the margins were determined.

Table 4.--Prices, margins, and returns for sugar marketed in New York, Chicago, and Los Angeles, 1957

Item	Chicago			New York	Los Angeles
	Puerto Rican cane 1/	Mainland beet 2/	Mainland cane 3/	Puerto Rican cane	Mainland beet
	Cts./lb.	Cts./lb.	Cts./lb.	Cts./lb.	Cts./lb.
Prices or returns:					
Farmers' returns 4/	3.70	4.00	4.10	3.70	4.00
Raw sugar price 5/	6.24	--	6.24	6.24	--
Wholesale price 6/	8.80	8.62	8.80	9.15	9.02
Net returns to refiners or processors 7/	8.33	8.13	8.33	8.97	8.84
Retail price 8/	11.00	11.00	11.00	10.61	10.96
Margins:					
Raw sugar mill 9/	2.54	--	2.14	2.54	--
Refining 10/	2.09	4.13	2.09	2.73	4.84
Distributing 11/	2.67	2.87	2.67	1.64	2.12
Total margins	7.30	7.00	6.90	6.91	6.96

1/ Puerto Rican sugar cane is harvested and sold during the same calendar year. Prices or returns to growers are based on a 12-month average raw sugar price beginning with the marketing season. In recent years, very little raw sugar produced in one year has been marketed in the following year.

2/ For a description of the marketing of mainland beet sugar, see Miscellaneous Publication No. 741, "Farm-Retail Spreads for Food Products," AMS, USDA, November 1957.

3/ Mainland area sugar cane is marketed in the last quarter of the year and the major proportion of raw sugar is marketed as produced. The price of sugar cane is determined by the average of raw sugar prices beginning with the harvest and extending over approximately 5 months.

4/ Unadjusted for Government payments and taxes but adjusted for byproducts.

5/ Puerto Rican raw cane sugar price is the f.o.b. New York raw price. Mainland raw cane sugar price is the New Orleans price. There is no raw sugar price for beet sugar.

6/ Yearly average of weekly prices as reported by trade journals.

7/ Reported wholesale price minus discounts and allowances and including any adjustments and prepays.

8/ Yearly average of BLS reported monthly prices. Average of both cane and beet sugar where both were sold in the same city.

9/ Raw sugar price minus farmers' returns.

10/ Refiners' returns minus raw sugar price. The refining margin for beet sugar is comparable to the total of the raw sugar mill margin and the refining margin for cane sugar.

11/ Retail price minus refiners' or processors' returns. Transportation costs are included in this margin.

Example 1: Puerto Rican Cane Sugar Marketed in Chicago

Puerto Rican sugar cane is transported by truck to the raw sugar mill, where it is ground and the resulting juice crystallized into raw sugar. The sugar cane farmer receives a share of the sugar produced, which he sells to the mill or markets himself. Most farmers sell their sugar to the mill on an average-price basis.

In 1957, the Puerto Rican sugar cane farmer received 3.7 cents per pound, including an allowance for molasses but excluding Government payments, for the raw sugar recovered from his cane (table 4).

In 1957, the New Orleans raw sugar price, based on the New York raw sugar price, was 6.24 cents per pound. The Puerto Rican raw sugar cane mill margin averaged 2.5 cents per pound in 1957. This margin includes the marketing charges for sugar cane procurement, processing operations, ocean freight rates, and selling. The raw sugar mill, in most instances, pays the cost of shipping the raw sugar to mainland buyers and of selling it. In 1957, the selling and shipping expenses on Puerto Rican raw sugar averaged 0.7 cent per pound.

In this case, raw sugar was refined in New Orleans and marketed as refined sugar in Chicago. The refined sugar was transported by rail, water, or truck, or a combination of these, to Chicago. The 1957 rail rate was 0.91 cent per pound, and barge rates were approximately half as much.

The 1957 average quoted wholesale price for refined cane sugar in Chicago was 8.8 cents per pound. In 1957, a freight prepay of 0.6 cent per pound was added to the wholesale price. Then a 2 percent trade discount was deducted in order to determine the net delivered price to the wholesale grocer or chain store. In 1957, this delivered price was 9.24 cents per pound.

Rail freight cost from refinery to destination must be deducted from the net delivered price to determine the refiner's return. In 1957, the rail freight rate was 0.91 cent per pound. The refiner received 8.33 cents per pound and the refining margin was 2.09 cents per pound (8.33 - 6.24). The freight costs are based on rail shipments. Use of the lower barge rates would result in a higher return to the refiner and therefore a larger refining margin. This margin covers the following charges: Those for refining operations, the cost of selling the refined sugar, and the additional cost of packaging materials over the 100-pound bag.

Nine cents per pound is the delivered price to industrial users, chain stores, or wholesale grocers. When additional distribution is necessary, as in the case of distribution by a wholesale grocer, the delivered price is increased by local distribution charges.

In 1957, the retail price in Chicago was 11.0 cents per pound. At this average retail price, the distribution margin from refiner to consumer amounted to 2.7 cents per pound (11.00 - 8.33). This margin covers the merchandising

costs of the local distributor, general costs of operating the retail food store, and return on investment.

Example 2: Mainland Cane Sugar Marketed in Chicago

The mainland cane farmer transports his sugar cane by truck to a raw sugar mill. He receives a payment for his sugar cane based upon the sucrose content of his cane and the price of raw sugar over a specified marketing period. In 1957, the mainland cane farmer received 4.1 cents per pound for the raw sugar in his cane. Using the 1957 New Orleans average raw sugar price, the margin of the mainland cane raw sugar mill was 2.1 cents per pound.

The raw sugar may be refined in the same factory that produced it, or in a nearby refinery. Regardless of where the refining is done, refined mainland cane sugar goes through the same marketing channels as did the Puerto Rican sugar and is subject to the same marketing practices. The refining margin and the distribution margin on mainland cane sugar are identical with those for Puerto Rican sugar sold in Chicago. However, the total marketing margin for mainland cane sugar was less than the Puerto Rican total marketing margin. This is due to the additional ocean freight and selling costs on Puerto Rican sugar.

Example 3: Central Area Beet Sugar Marketed in Chicago

The central production area sugar beet farmer delivers his sugar beets to the rail loading station or to the processing plant. In a continuous operation in the beet sugar factory, the sugar is extracted from the beet and made into refined sugar. The sugar beet farmer receives payment for his sugar beets based upon the sugar content of beets delivered and the "net return" 9/ to the beet sugar factory for sugar sold during the pricing period.

Regional data for farmers' returns and sugar yield per ton of beets for 1957 are not available. However, total U. S. estimates are available and were used to compute marketing margins.

On the basis of the national averages in 1957, the central area sugar beet farmer received 4.0 cents per pound for sugar in beets delivered to the factory.

The quoted wholesale price for beet sugar in Chicago averaged 8.6 cents per pound in 1957. The net return to processors was 8.1 cents per pound. The processing margin for beet sugar is comparable to the sum of the raw sugar mill margin and the refining margin, as sugar beet processing is one continuous operation.

No distinction is made in reported prices between cane sugar and beet sugar. The distribution margin on beet sugar in Chicago in 1957 was 2.9 cents per pound.

9/ Returns from the sale of sugar less certain marketing costs.

Beet sugar goes through the same marketing channels and is subject to the same trade practices as cane sugar. Frequently larger allowances are given on beet sugar in order to sell more of it.

Example 4: Puerto Rican Cane Sugar Marketed in New York

Puerto Rican raw cane sugar shipped to refineries in New York is refined and marketed through brokers to wholesale buyers, then to retail stores.

The average 1957 New York wholesale price for refined sugar was 9.2 cents per pound. After making an adjustment for the standard 2 percent cash discount, the refiner's return amounted to 9.0 cents per pound. The refining margin amounted to 2.7 cents per pound.

The 1957 average retail price in New York was 10.6 cents per pound. The distributing margin from refiner to consumer then was 1.6 cents per pound.

Since it is assumed that a large part of this sugar is marketed in the New York City area, the only charges for transportation are for local drayage.

Example 5: West Coast Beet Sugar Marketed in Los Angeles

Beet sugar marketed in Los Angeles was produced in plants near San Francisco and shipped by rail to Los Angeles. Beet sugar farmers in 1957 received 4.0 cents per pound for sugar in beets delivered to the factory. 10/ The 1957 Los Angeles quoted wholesale price for beet sugar was 9.0 cents per pound. Making an adjustment for the usual 2 percent trade discount, West Coast beet processors netted 8.8 cents. Thus, their processing margin was 4.8 cents. The average reported retail price in Los Angeles in 1957 was 11.0 cents per pound. The distributing margin from refiner to consumer was 2.1 cents.

FARMER'S SHARE OF CONSUMER DOLLAR

The beet farmer's share of the consumer dollar, unadjusted for Government payments and a processing tax of 0.535 cent per pound, was the same in 1957 as in 1950--36 percent.

The mainland cane farmer's share of the consumer dollar decreased from 47 percent in 1950 to 38 percent in 1957, while the Puerto Rican farmer's share decreased from 40 percent in 1950 to 34 percent in 1957 (table 5).

Table 5.--Farmer's share of consumer dollar spent for sugar, 1950-57 (not including Government payment and taxes, but adjusted for byproducts).

Item	1950	1951	1952	1953	1954	1955	1956	1957
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Mainland cane	47	44	40	40	37	38	41	38
Mainland beet	37	39	39	39	37	37	38	36
Puerto Rican cane	40	35	36	33	33	37	34	34

10/ Total U. S. estimates.

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